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Agenda item 52 (a)

Macroeconomic policy questions: international trade and development

Report of the Second Committee*

Rapporteur: Ms. Tamar **Tchitanava** (Georgia)

I. Introduction

1. The Second Committee held a substantive debate on agenda item 52 (see A/62/417, para. 2). Action on sub-item (a) was taken at the 20th, 28th and 32nd meetings, on 1 and 16 November and 7 December 2007. An account of the Committee's consideration of the sub-item is contained in the relevant summary records (A/C.2/62/SR.20, 28 and 32).

II. Consideration of draft resolutions

A. Draft resolution A/C.2/62/L.8

2. At the 20th meeting, on 1 November, the representative of Pakistan, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" (A/C.2/62/L.8). Belarus subsequently joined in sponsoring the draft resolution.

3. At its 28th meeting, on 16 November, the Committee was informed that the draft resolution had no programme budget implications (see A/C.2/62/SR.28).

4. At the same meeting, the Committee adopted draft resolution A/C.2/62/L.8 by a recorded vote of 107 to 1, with 51 abstentions (see para. 12, draft resolution I). The voting was as follows:

* The report of the Committee on this item is being issued in four parts, ur der the symbol A/62/417 and Add.1-3.

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In favour:

Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Brazil, Brunei Darussalam, Burkina Faso, Cambodia, Cameroon, Cape Verde, Central African Republic, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Djibouti, Dominican Republic, Ecuador, Egypt, Eritrea, Ethiopia, Ghana, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Russian Federation, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Senegal, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Timor-Leste, Togo, Tunisia, Uganda, United Arab Emirates, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

United States of America.

Abstaining:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Marshall Islands, Moldova, Monaco, Montenegro, Netherlands, New Zealand, Norway, Palau, Poland, Portugal, Republic of Korea, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, the former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland.

5. Before the adoption of the draft resolution, a statement was made by the representative of Pakistan (see A/C.2/62/SR.28).

6. After the adoption of the draft resolution, a statement in explanation of vote after the vote was made by the representative of Portugal (on behalf of the States Members of the United Nations that are members of the European Union, Albania, Croatia, Montenegro, Serbia, the former Yugoslav Republic of Macedonia, the European Free Trade Association countries Iceland, Liechtenstein and Norway, Georgia, Moldova and Ukraine) (see A/C.2/62/SR.28).

B. Draft resolution A/C.2/62/L.10

7. At the 20th meeting on 1 November, the representative of Pakistan, on behalf of the States Members of the United Nations that are members of the Group of 77 and China, introduced a draft resolution entitled "International trade and development" (A/C.2/62/L.10).

8. At the 32nd meeting on 7 December, the Committee was informed that the draft resolution contained no programme budget implications (see A/C.2/62/SR.32).

9. At the same meeting, the Committee adopted draft resolution A/C.2/62/L.10 by a recorded vote of 109 to 47, with 5 abstentions (see para. 12, draft resolution II). The voting was as follows:

In favour:[1]

Afghanistan, Algeria, Angola, Antigua and Barbuda, Argentina, Armenia, Bahamas, Bahrain, Bangladesh, Barbados, Belize, Benin, Bhutan, Bolivia, Botswana, Brazil, Brunei Darussalam, Burkina Faso, Cambodia, Cape Verde, Central African Republic, Chile, China, Colombia, Congo, Costa Rica, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea, Democratic Republic of the Congo, Djibouti, Ecuador, Egypt, El Salvador, Eritrea, Ethiopia, Fiji, Ghana, Guatemala, Guinea, Guyana, Haiti, Honduras, India, Indonesia, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Lesotho, Liberia, Libyan Arab Jamahiriya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Micronesia (Federates States of), Mongolia, Morocco, Mozambique, Myanmar, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Qatar, Saint Lucia, Samoa, Saudi Arabia, Senegal, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syrian Arab Republic, Tajikistan, Thailand, Togo, Tonga, Tunisia, Uganda, United Arab Emirates, United Republic of Tanzania, Uruguay, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Yemen, Zambia, Zimbabwe.

Against:

Albania, Andorra, Australia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, Monaco, Montenegro, Netherlands, New Zealand, Poland, Portugal, Romania, San Marino, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom of Great Britain and Northern Ireland, United States of America.

Abstaining:

Mexico, Norway, Republic of Korea, Russian Federation, Serbia.

10. After the adoption of the draft resolution, statements in explanation of vote were made by the representatives of the United States of America, Portugal (on behalf of the States Members of the United Nations that are members of the European Union, Albania, Bosnia and Herzegovina, Croatia, Montenegro, the former Yugoslav Republic of Macedonia, Turkey, the European Free Trade Association country Iceland, Georgia, Moldova and Ukraine), Australia (also on behalf of Canada and New Zealand), Switzerland and Japan (see A/C.2/62/SR.32).

[1] The representative of Azerbaijan indicated that had he been present during the voting, his country would have voted in favour of the draft resolution.

11. Also after the adoption of the resolution, statements were made by the representatives of Benin and Pakistan (on behalf of the States Members of the United Nations that are members of the Group of 77 and China) (A/C.2/62/SR.32).

III. Recommendations of the Second Committee

12. The Second Committee recommends to the General Assembly the adoption of the following draft resolutions:

Draft resolution I
Unilateral economic measures as a means of political and economic coercion against developing countries

The General Assembly,

Recalling the relevant principles set forth in the Charter of the United Nations,

Reaffirming the Declaration on Principles of International Law concerning Friendly Relations and Cooperation among States in accordance with the Charter of the United Nations,[1] which states, inter alia, that no State may use or encourage the use of unilateral economic, political or any other type of measures to coerce another State in order to obtain from it the subordination of the exercise of its sovereign rights,

Bearing in mind the general principles governing the international trading system and trade policies for development contained in relevant resolutions, rules and provisions of the United Nations and the World Trade Organization,

Recalling its resolutions 44/215 of 22 December 1989, 46/210 of 20 December 1991, 48/168 of 21 December 1993, 50/96 of 20 December 1995, 52/181 of 18 December 1997, 54/200 of 22 December 1999, 56/179 of 21 December 2001, 58/198 of 23 December 2003 and 60/185 of 22 December 2005,

Gravely concerned that the use of unilateral coercive economic measures adversely affects the economy and development efforts of developing countries in particular and has a general negative impact on international economic cooperation and on worldwide efforts to move towards a non-discriminatory and open multilateral trading system,

Recognizing that such measures constitute a flagrant violation of the principles of international law as set forth in the Charter of the United Nations, as well as the basic principles of the multilateral trading system,

1. *Takes note* of the report of the Secretary-General;[2]

2. *Urges* the international community to adopt urgent and effective measures to eliminate the use of unilateral coercive economic measures against developing countries that are not authorized by relevant organs of the United Nations or are inconsistent with the principles of international law as set forth in the Charter of the United Nations and that contravene the basic principles of the multilateral trading system;

3. *Calls upon* the international community to condemn and reject the imposition of the use of such measures as a means of political and economic coercion against developing countries;

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[1] Resolution 2625 (XXV).

[2] A/62/210.

4. *Requests* the Secretary-General to continue to monitor the imposition of measures of this nature and to study the impact of such measures on the affected countries, including the impact on trade and development;

5. *Also requests* the Secretary-General to submit to the General Assembly at its sixty-fourth session a report on the implementation of the present resolution.

Draft resolution II
International trade and development

The General Assembly,

Recalling its resolutions 56/178 of 21 December 2001, 57/235 of 20 December 2002, 58/197 of 23 December 2003, 59/221 of 22 December 2004, 60/184 of 22 December 2005 and 61/186 of 20 December 2006 on international trade and development, and recalling also the provisions of the United Nations Millennium Declaration[1] pertaining to trade and related development issues, as well as the outcomes of the International Conference on Financing for Development,[2] the World Summit on Sustainable Development[3] and the 2005 World Summit Outcome,[4]

Recalling also its resolution 60/265 of 30 June 2006 on follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and other internationally agreed development goals,

Reaffirming the value of multilateralism to the global trading system and the commitment to achieving a universal, rule-based, open, non-discriminatory and equitable multilateral trading system that contributes to growth, sustainable development and employment generation in all sectors, and emphasizing that bilateral and regional trading arrangements should contribute to the goals of the multilateral trading system,

Stressing the importance of open, transparent, inclusive, democratic and more orderly processes and procedures for the effective functioning of the multilateral trading system, including in the decision-making process, so as to enable developing countries to have their vital interests duly reflected in the outcome of trade negotiations,

Reiterating that development concerns form an integral part of the Doha Development Agenda, which places the needs and interests of developing and least developed countries at the heart of the Doha Work Programme,[5]

Noting that agriculture lags behind the manufacturing sector in the process of establishment of multilateral disciplines and in the reduction of tariff and non-tariff barriers and that, since most of the world's poor make their living out of agriculture, the livelihood and standards of living of many of them are seriously jeopardized by the serious distortions in production and trade in agricultural products caused by the high levels of export subsidies, trade-distorting domestic support and protectionism by many developed countries,

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 1, annex, and resolution 2, annex.

[4] See resolution 60/1.

[5] A/C.2/56/7, annex.

Taking note of the report of the Trade and Development Board[6] as well as the report of the Secretary-General,[7]

1. *Expresses serious concern* at the lack of substantial progress on the trade negotiations of the World Trade Organization and considers it a serious setback for the Doha Round, and calls upon the developed countries to demonstrate the flexibility and political will necessary for breaking the current impasse in the negotiations, and also calls upon all members of the World Trade Organization to adhere to the development mandate of the Doha Ministerial Declaration,[5] the decision of 1 August 2004 of the General Council of the World Trade Organization[8] and the Hong Kong Ministerial Declaration,[9] which places development at the heart of the multilateral trading system;

2. *Stresses* that in order for the Doha Round to be concluded satisfactorily, the negotiations should result in the establishment of rules and disciplines in the area of agriculture, adhering to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

3. *Also stresses* the need for negotiations of the World Trade Organization in non-agricultural market access to live up to the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

4. *Further stresses* the need for negotiations of the World Trade Organization to make substantial progress in all areas under the single undertaking such as services, rules and trade facilitation so as to ensure that the development concerns of developing countries are fully reflected in any outcome consistent with the development mandate of the Doha Ministerial Declaration, the decision of 1 August 2004 of the General Council of the World Trade Organization and the Hong Kong Ministerial Declaration;

5. *Underlines* the fact that the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations have meant that the space for national economic policy, that is, the scope for domestic policies, especially in the areas of trade, investment and industrial development, is now often framed by international disciplines, commitments and global market considerations, that it is for each Government to evaluate the trade-off between the benefits of accepting international rules and commitments and the constraints posed by the loss of policy space, and that it is particularly important for developing countries that all countries take into account the need for appropriate balance between national policy space and international disciplines and commitments;

6. *Expresses its deep concern* at the imposition of laws and other forms of coercive economic measures including unilateral sanctions against developing

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[6] A/61/15 (Parts I-IV) and corrigenda. For the final text, see *Official Records of the General Assembly, Sixty-second Session, Supplement No. 15* (A/62/15).

[7] A/62/266.

[8] World Trade Organization, document WT/L/579. Available from http://docsonline.wto.org.

[9] World Trade Organization, document WT/MIN(05)/DEC. Available from http://docsonline.wto.org.

countries, which undermine international law and the rules of the World Trade Organization, and also severely threaten the freedom of trade and investment;

7. *Reaffirms* the commitments made at the Fourth Ministerial Conference of the World Trade Organization[5] and at the Third United Nations Conference on the Least Developed Countries,[10] in this regard calls upon developed countries that have not already done so to provide immediate predictable, duty-free and quota-free market access on a lasting basis to all products originating from all least developed countries by 2008, also calls upon developing countries that are in a position to do so to extend duty-free and quota-free market access to exports of these countries, and in this context reaffirms also the need to consider additional measures for progressive improvement in market access for least developed countries and reaffirms further the need for members of the World Trade Organization to take additional measures to provide effective market access both at the border and otherwise, including simplified and transparent rules of origin so as to facilitate exports from least developed countries;

8. *Also reaffirms* the commitment to actively pursue the work programme of the World Trade Organization with respect to addressing the trade-related issues and concerns affecting the fuller integration of countries with small, vulnerable economies into the multilateral trading system in a manner commensurate with their special circumstances and in support of their efforts towards sustainable development, in accordance with paragraph 35 of the Doha Ministerial Declaration and paragraph 21 of the Hong Kong Ministerial Declaration;

9. *Recognizes* the special problems and needs of the landlocked developing countries within a new global framework for transit transport cooperation for landlocked and transit developing countries, calls, in this regard, for the full and effective implementation of the Almaty Programme of Action,[11] and stresses the need for the implementation of the São Paulo Consensus,[12] in particular paragraphs 66 and 84 thereof, by the relevant international organizations and donors in a multi-stakeholder approach;

10. *Also recognizes* the need to ensure that the comparative advantage of developing countries is not undermined by any form of protectionism, including the arbitrary and abusive use of non-tariff measures, non-trade barriers and other standards to unfairly restrict the access of products of developing countries particularly to developed countries' markets, reaffirms, in this regard, that developing countries should play an increasing role in the formulation of, inter alia, safety, environment and health standards, and recognizes the need to facilitate the increased and meaningful participation of the developing countries in the work of relevant international standard-setting organizations;

11. *Further recognizes* that South-South trade should be enhanced and further market access should continue to stimulate South-South trade;

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[10] See A/CONF.191/13.

[11] *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.

[12] TD/412, part II.

12. *Recognizes* the role that a successful conclusion of the ongoing third round of negotiations on the Global System of Trade Preferences among Developing Countries can play in South-South trade;

13. *Calls for* accelerating the work on the development-related mandate concerning the Agreement on Trade-related Aspects of Intellectual Property Rights[13] in the Doha Ministerial Declaration, especially on issues of making intellectual property rules fully support the objectives of the Convention on Biological Diversity;[14] and the issues related to the Agreement and public health afflicting many developing countries, including the least developed countries, especially those issues arising from the HIV/AIDS, tuberculosis, malaria and other epidemics;

14. *Requests* the Secretary-General to present in his report on the implementation of the present resolution the options available with respect to enhancing the role of the United Nations in accelerating the work on the development agenda of the Agreement on Trade-related Aspects of Intellectual Property Rights;

15. *Calls for* facilitating the accession of all developing countries that apply for membership in the World Trade Organization, in particular the least developed countries, as well as countries emerging from conflict that are least developed countries, bearing in mind paragraph 21 of resolution 55/182 of 20 December 2000 and subsequent developments, and also calls for the effective and faithful application of the World Trade Organization guidelines on accession by the least developed countries;

16. *Emphasizes* the need for further work to foster greater coherence between the multilateral trading system and the international financial system, and invites the United Nations Conference on Trade and Development, in fulfilment of its mandate, to undertake the relevant policy analysis in those areas and to operationalize such work, including through its technical assistance activities;

17. *Invites* donors and beneficiary countries to implement the recommendations of the Task Force on Aid for Trade established by the Director-General of the World Trade Organization on the Aid for Trade initiative, which aims to support developing and least developed countries in building their supply and export capacities, including infrastructure and institutions development, and the need to increase their exports, and stresses in this regard the urgent need for its effective operationalization with sufficient additional, non-conditional and predictable funding;

18. *Welcomes* the effort being made for operationalization of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries with increased additional, non-conditional and predictable financial resources to enhance the export and supply capacities of the least developed countries, and urges the development partners to increase their contributions to the Integrated Framework Trust Fund on a multi-year basis;

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[13] See *Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994* (GATT secretariat publication, Sales No. GATT/1994-7).

[14] United Nations, *Treaty Series*, vol. 1760, No. 30619.

19. *Reiterates* the important role of the United Nations Conference on Trade and Development as the focal point within the United Nations system for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development, and calls upon the international community to work towards the strengthening of the Conference, to enable it to enhance its contribution in its three major pillars, namely, consensus-building, research and policy analysis, and technical assistance, especially through increased core resources of the Conference;

20. *Welcomes* the convening of the twelfth session of the United Nations Conference on Trade and Development in Accra from 20 to 25 April 2008, and looks forward to the discussion aimed at addressing the opportunities and challenges of globalization for development, especially for developing countries;

21. *Invites* the United Nations Conference on Trade and Development, in accordance with its mandate, to monitor and assess the evolution of the international trading system and of trends in international trade from a development perspective, and, in particular, to analyse issues of concern to developing countries, supporting them in building capacities to establish their own negotiating priorities and negotiate trade agreements, including under the Doha Work Programme;[5]

22. *Reaffirms* the fundamental role that competition law and policy can play for sound economic development and the validity of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices,[15] as well as the important and useful role that the United Nations Conference on Trade and Development plays in this field, and decides to convene in 2010, under the auspices of the United Nations Conference on Trade and Development, a sixth United Nations conference to review all aspects of the Set;

23. *Urges* donors to provide the United Nations Conference on Trade and Development with the increased resources necessary to deliver effective and demand-driven assistance to developing countries, as well as to enhance their contributions to the trust funds of the Integrated Framework for Trade-related Technical Assistance to Least Developed Countries and the Joint Integrated Technical Assistance Programme;

24. *Requests* the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to submit to the General Assembly at its sixty-third session a report on the implementation of the present resolution and on developments in the multilateral trading system, under the sub-item entitled "International trade and development" of the item entitled "Macroeconomic policy questions";

25. *Requests* the Secretary-General to transmit the present resolution to the Director-General of the World Trade Organization for circulation as an official document of the World Trade Organization.

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[15] A/C.2/35/6, annex.